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THE AGRICULTURAL ADJUSTMENT PROGRAM FOR COTTON

By C. A. Cobb, Chief, Cotton Section,

Agricultural Adjustment Administration.

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U. S. Department of Agriculture

THE CHAIRMAN: We will continue with our program now. You remember yesterday that Mr. Black presented the new corn and hog program. I don't know whether Mr. Cobb is going to present the new cotton program or not, but I know that is what you are interested in, and I am sure he will give you everything on the marketing program that he is able to do at this time. I present Mr. Cobb.

MR. COBB: Mr. Chairman, ladies and gentlemen, at first I want to apologize for coming late. I had in my own mind that it was 10.30 that I was due here, would say, however, that I could not have got here any earlier if I had been aware of the fact that you scheduled that I appear at 10 o'clock.

I wish that I might be able to present to you this morning a final draft of what we propose to do in readjusting cotton production in 1934 and in the years that follow, but we have not a final draft of that plan. We can discuss it, we can discuss the various points that might come up for consideration, but any discussion would reach nothing in the way of a final conclusion. So I doubt that attempting to discuss what we hope to be able to do in 1934 and 1935 would be of very great value. It would probably leave you more confused than ever. So better ask you simply to wait until the plan is in final form so that you will know definitely and exactly what it does contain in its various sections and what its application involves. I feel that you would be interested, briefly, at least, in the cotton campaign of the present year and what we believe has been achieved. With your permission, Mr. Chairman, I think I will devote just a few minutes to that, with the suggestion that you feel absolutely free to ask questions at any time and at any point. I will not be the least disturbed or interrupted if you do that.

All of you, I am sure, are aware of the very great pressure that we have all been under here in Washington, as well as the pressure that you have been under out in the States to get something immediately under way, particularly during the present year, with the hope that the harvest of the crops of the present year might bring a better price than was the outlook for price at planting time back in the spring. The whole program had to be worked out after the planting season. That was just as true of cotton as of other crops. That made it necessary to drive and drive hard to get anything at all done this year. I came to Washington on May 23. On June 23, a month later, the first contract form covering the cotton campaign was approved. By July 19, we had signed up 1,335,000 cotton growers and the Secretary had approved the campaign. In the meantime we had to organize the force to put the campaign into effect. The extension workers in the South headed up the campaign. There are some 800 counties that are major cotton producing counties. Most of those counties had county agents and home demonstration agents. In a few counties there were no agents. We put on temporary or emergency county agents for service during the 1933 cotton campaign, and in some

of the very large cotton counties we put on emergency county agents. It was necessary to do that in order to handle the physical task incident to signing the farmers up and passing the papers on through to Washington. These county agents, immediately the program was launched and they were advised of the fact that the extension forces had been drafted by the Secretary to put the campaign over, organized their counties. All told, that meant lining up and instructing between 22,000 and 25,000 county or local committees. As soon as it was possible to place the materials in the hands of these representatives, they went out and signed up the farmers, and the result of the signing up in numbers was as I have already announced. Immediately the contracts of the farmers were accepted, they were advised to go ahead and take the land out of production, they had agreed to take out of production. When the performance certificates came back, we were pretty well organized, we thought, to handle that phase of the program here, but we found out that the task was very much larger than any of us had anticipated, or that we were not as well prepared to handle it here as we hoped we would be, and as we thought we were. That resulted in getting the checks out more slowly than we had anticipated, and than we had promised. Much new personnel had to be added here that was wholly untrained. Much machinery that was absolutely new to the accounting fraternity had to be installed. Nothing else like it had ever been used, and like any new machinery, according to the language of the automobile mechanic, was "full of bugs," and there was breakdown after breakdown. Finally we got all of that remedied, and actually got it one day to the place where we got out 40,000 checks in one day, or a little over \$4,000,000. At that we weren't getting the money out with the speed that we hoped that we would do, and as it should have been done. Those were the mitigating circumstances, but I think in spite of the delay, the farmers have appreciated the fact that it was inevitable. Their mental attitude revealed an extraordinary patience. They have been wonderfully fair about it, and the letters I get now indicate that they had a very clear understanding and have blamed nobody. They feel that our efforts have been primarily in the direction of helpfulness, and they have not only been willing to go along. The evidence that we are getting now is to the effect that they are all set and ready to go again. Up to the present time, we have paid out something over \$100,000,000 to the one million odd that have signed up. I don't remember the number of checks that have gone out, but it is approaching the million mark, and the performance certificates that have come in indicate that there was almost 100 percent compliance. Between 1,035,000 and 1,050,000 compliance certificates have already been certified to the comptroller's office. That means that approximately every man that signed the contract has done what he pledged himself to do.

I said awhile ago that there were 1,035,000 contracts signed. That included some duplications. Just exactly how many duplicate contracts there were we have not been able to discover, and won't until every check has gone out, but with having received already and certified already 1,035,000 performance certificates, I think we are able to say that from the point of view of performance it is about as nearly 100 percent as could be. To me it represents a faithfulness on the part of the farmer that certainly is highly commendable, and on the part of those who have put the job across, a piece of work that is absolutely without parallel

in the history of agriculture in this country, or in any other country. For it all, we here in Washington are most deeply grateful, and that holds good with the Agricultural Adjustment Administration officials, the officials of the Department of Agriculture, and at the White House.

The sum total of effect on the price, or, I would say, the income to the cotton farmer, I think is about like this: If we had gone on to harvest with the crop that was planted, the crop reporting service indicates that the total harvest would have been 17,300,000 bales. That, I believe, would have been the greatest crop in point of bales ever produced in the history of this country. That would have added the crop of the present year, 17,300,000 bales, to 11,600,000 bales carryover, which was brought into the present year on the first day of August. The crop of the present year plus the carryover would have given us the greatest total supply of American cotton in the history of the world. The price would undoubtedly not have been beyond five cents a pound. In my opinion that would have been the maximum that we could have expected, with perhaps no market at all, and certainly there would have been no impetus to marketing with a supply of cotton on hand like that. The campaign this year took 4,300,000 bales out of production. That was almost time and a half what we went out to get. That reduced the harvest of the present year to 12,885,000 bales, and by that amount readjusted, the supply, the readjusted supply, I think is definitely responsible for the fact that the crop at the farm today is bringing around nine cents middling basis 7/8ths cotton. Using that figure in calculating the value of the present year's crop, and adding to the calculated value of the present year's crop the payments plus the profit that the cotton farmers will get on option cotton, will bring the total value of the present year's crop up to approximately \$750,000,000, which will make the present year's crop the most valuable we have had since the year 1929, when it sold at 16.8 cents. The loan program that the Government launched a few days ago, I think will help serve, at least, to put a bottom under cotton prices, a bottom of 10 cents. I think it has that value. That probably should be the calculated value of the crop. It is on that basis that the loan was made. That will make the crop a little more valuable than my figures would indicate. What I have said I think will bear out the conclusion that the present year's campaign has been successful in its influence upon price and in its effect on total income. Our people regard it so, and are convinced now that they have the ability to do things for themselves if given a business-like opportunity plus the necessary leadership. To my own way of thinking, no achievement is more vitally important from your point of view and mine than that. I would like to make this observation in that connection: We had out there in the Cotton Belt these 25,000 or 30,000 individuals who have made up the leadership that has put the present year's program into effect. You in other sections are going to have a little bit later, I think, exactly the same sort of situation. Now, this leadership has made the discovery that given a business-like program with the necessary support here in Washington and in the States, that they have the power to do things for themselves that will materially improve their social and economic positions. The discovery of this power, I think, brings us the greatest opportunity that we have had in our lives, those of us who occupy positions of leadership, as well as the greatest responsibility we have ever had. Our responsibility is to so direct this

newly discovered power that it will apply itself to the task of bettering the farm situation in a well ordered and constructive way, and if we do that, our opportunity, in my judgment, far surpasses any opportunity that any other agricultural leadership has had at any other time in the history of the world to do the things that we have always said we wanted to do and hoped that some day we would have opportunity to do; that is, to definitely raise the social and economic position of the average farmer family. I think personally that fact indicates how vitally important it is that this leadership, or the efforts of this leadership and the power of this leadership, be given wise direction. I don't care what our program and plans are, if they are not wisely directed and wisely applied, if they are not fair as between individuals and interests on the farm, as between sections within a belt, and between sections within the United States, then I think that we are going to find ourselves bye and bye in difficulties. All of which is simply to say this, that it is tremendously important that you are here in Washington at the present time not only that you may engage yourselves in this study of problems relating to outlook, but that all of you may have opportunity to think together about this whole program of readjustment and what its implications are.

The President has been good enough to say that the success achieved in the cotton campaign has laid a foundation, using his own words, of confidence under the entire agricultural adjustment program, and that it has done a similar thing for the entire program, as it relates to agriculture and industry. Surely none of us could know what the result would have been if the cotton campaign had not been as successful as it has been; in other words, if it had failed, nobody knows what the results of such a failure might have meant, all of which makes us the more grateful for the manner in which it was put across, by those who had charge of it, out yonder in the field. I am sure you understand that I am not boasting, but that I am here taking opportunity to give credit to the group that did the job, for the courage, for the intelligence, and for the patience, and the understanding that they showed in putting the program across. Personally, I am sure that I am in a position to be more grateful than anybody else. If the thing had not gone over as it has, I expect that I would have been the most colossal goat of all time; but there was no choice so far as I personally was concerned. I remember the day that I had the long distance telephone call from the Secretary and what my immediate reaction was. I went into our business manager. We sat down and talked a little while, and I said "I have not given an answer yet, although I know what it is," but I had not because I wanted to talk with somebody. My feeling is this: if we can take this agricultural adjustment program and apply it to cotton in a manner that will increase the buying power of the Cotton Belt this fall, then there is no alternative except to go out and do what we can to achieve that end. I said further "if this thing does not go over, then I know the answer to the future of two business enterprises in which I am vitally interested, the two business enterprises in which my life earnings are now invested." We agreed that so far as I was concerned, there was not any choice. Well, we reasoned exactly to the same point of view, and to the same end as concerned our mutual interests. If the thing had not gone over, the enterprises in which I have my life investment I do not think would have been worth a nickel, both of them; and the position

of these institutions is not a whit different to that of countless thousands from one end of the Cotton Belt to the other. We could not have gone through another fall and winter, we could not have survived another fall and winter with business conditions as they have been in the Cotton Belt in recent years. I realized that it was just a question of transferring my worries from the South to Washington. Somebody said to me one day - you are losing an awful lot of sleep. I said - coming to Washington is not to blame for that; I have just transferred the place to lose sleep, because I certainly couldn't lose any more in Washington than I was losing where I was. I think it is the general consensus of opinion that if the cotton program had not gone over and resulted in the improvement that has come, that the South this fall would have been confronted with a most serious economic situation, if not more serious than any we have gone through during all these years of depression. I can imagine no such calamity as that which would have resulted had we been forced to sell this year's cotton crop at five cents. Fortunately we did not have to do that, and fortunately the few institutions that have my life savings are pretty safe now. Now then, if it has done that for us, I am sure that it has done exactly the same thing for countless other business enterprises from one end of the belt to the other. That achievement has certainly favorably affected the Cotton Belt. If the South had gone down this fall, I believe that would have had a disastrous effect upon business conditions in every other section of the country. I do not believe that the loss of the buying power of that vast section down there, as would have been the case with five-cent cotton, could have resulted in anything less than a calamity for every other section of the country. I believe that is the result that would have come. On the other hand, if we may accept the statements of the banks and of the business people of the South, of the large merchandising concerns outside of the South, the improvement in buying power in the South has had the effect of improving the economic conditions and position of every business outside the South, and every community outside the South. So it sums up that what this leadership down there has done has had a very far-reaching influence on our social, our economic and political life already. What I have said to you, I think will indicate to you why I personally am more grateful for the opportunity we have had this year and for the results that have been achieved than any other single individual possibly could be. Doubtless there are others here who are in exactly the same position as I am, and have run the risk this year that I have run. If there are, then you know just exactly how old Gump felt the other day when that fisherman picked him up out of the river. It is just like sliding off a roof and catching your pants on a nail when you are just about to go over. That personally is exactly the situation I am in. The agricultural adjustment program is the nail, and so far as I am concerned, it is solid gold. We could quit now, and I am sure I would set it down as a profound success from a personal point of view. Of course, we have run into innumerable difficulties, but they have all been highly educational. We know a lot about folks that we did not know before. We are all wiser. We are all better off and we witness a confidence in agricultural leadership in this country that we have not seen before. A lot of folks are amazed, and I must

admit that I share that same feeling to a degree - that a program like this could be put over in "ninety days". Remember, I came here on May 23. Our first contract form was approved on June 23 and up to last night over a hundred million dollars had been sent out to upwards of a million farmers who are cooperating in this thing, and in the meantime we have saved the South from utter economic collapse. I believe that is a pretty fair job. Really it is an amazing achievement, yet when I think it through I am impressed that it is the most perfectly natural thing to expect. But I imagine you are wondering "how I get that way". It is simply this: those of you here present have gone through the mill. You have come up through these institutions established out there to prepare men and to prepare women to do the thing we have done. We simply have run true to form. We prepared for a job and when the day of great opportunity came, being prepared for that opportunity, we simply stepped in and as we should have been expected to do, rose to the occasion and made the most of it. We simply have done what we were trained to do, and I do not think we should be the least surprised that we did it. I take it most of you were raised on a farm and are not surprised when you have trained a pup to hunt possums that he actually will hunt possums. Sometimes you are surprised at him the first time he puts one up. However, I cannot see why we should be surprised if we have trained him to do a thing and then he goes out and does it. Now that is exactly what we have done. We have been trained to do a thing, and when the opportunity came we went out and did it. I will say this, that if we had been as green on the job as the pup, somebody might have drug a coon skin across our path and we might have gone off after it; but we have gone through the seasoning process and we knew how to keep to the trail we had set out to follow. So I am not surprised and none of you should be at what was done when the opportunity came. What I am saying is this: if the land grant college system needed justification, if our research system needed justification, if extension work needed justification, if we needed justification for going out and organizing agriculture for years as we have done and training young men and women in 4-H work and in agriculture, if Smith-Hughes work needed justification I am sure today that what has been done under the leadership of this trained group within this period from June 23 to the first day of November is all the justification that we need. Moreover, I am sure that what we have done within this period, if nothing else has been done, is worth every penny that has been invested in these institutions since 1861, when President Lincoln sitting here signed the land grant college act, down to the present time. I get a great deal of satisfaction out of that thought and I am sure that you do, and I get a great deal of satisfaction out of the fact that this opportunity is not different from the great opportunity that groups of leaders have always had at any time in history to render fundamental, lasting service to a group of people. I believe we are going to measure up to our opportunity everywhere, and if we do, then the things we pledged ourselves to do when we were students we are going to be able to do. Naturally, those who have devoted their hearts and lives to a definite type of service,

are outstanding among our leaders at the present time. I do not know whether we ever think about that or not, but here is the point. Going back to my own school days I remember those who did not commit themselves, their hearts and their minds and souls, to a certain goal were weeded out in the freshman or the sophomore year, or even the junior year, and went about something else. Only those who did commit themselves to a type of service were able to live through. Now, out in life they simply have run true to form. They have had the opportunity to do the thing they pledged themselves to do, and I think they made a great deal of that opportunity. That accounts for the success of the year's campaign. The word we get from the states in the Cotton Belt is to the effect that there will be confidence in any other program that the Government may sponsor. It simply means that they are ready to sign again on the dotted line, believing that another program will be at least as effective as this one has been. That does not mean that we are not going to have difficulties, because we are. We are going to have to be more orderly in the conduct of this campaign than we were in the other. The other was a fight against time, and what, to some at least, seemed unsurmountable obstacles. And we did things and could do things under the necessity for extreme haste that could not be done, and cannot be done and in fact must now be done, when there is plenty of time. We may not have plenty of time, but surely we will be able to conduct our next campaign in a much more orderly, a much more systematic manner and therefore a much more satisfactory manner to ourselves individually. That, I think means that we can achieve economies that must be achieved, because eventually, of course, we are accountable and will be held accountable for the money we spend. We are going to watch that. There is enough money available to put on a campaign. We are not worried about that point at all. It is tentatively the program to reduce the 1934 cotton acreage to 25,000,000. That represents a forty percent reduction, that with an average yield will give us around ten million bales. That means that on the first day of August, 1934, we will still have a burdensome carry-over. We cannot, indeed it is quite impossible to reduce cotton acreage in 1934 to a point where we could bring about a proper adjustment as between supply and demand. It will take more than one year to do that, and I think it will take more than two years to do it, but that is what we propose to do. Now then the details of the contract are still in the formative stage. We hope to have them completed within the next few days, but inasmuch as they are not complete, as I understand now, they are not, it seems to me that it would be unwise to attempt to go into them at this particular point. There have had to be some readjustments in order that we might be better prepared to take care of some situations, in some particular sections, that needed very gravely to be taken care of. I think, Mr. Chairman, that this is about all I am prepared to say this morning. If these gentlemen have questions they would like to ask, it will be a pleasure and a privilege to answer them if I can. If you have not any questions, then I want sincerely to thank you not only for the opportunity of coming here and discussing our cotton campaign and program with you, but to thank you personally for the very extraordinary service that has been rendered to agriculture this year by the agricultural leadership of this nation. I am sure everyone of us has reason to feel the deepest sense of pride in our group. I have it, and I am sure to no greater degree than each of you present has it.

